

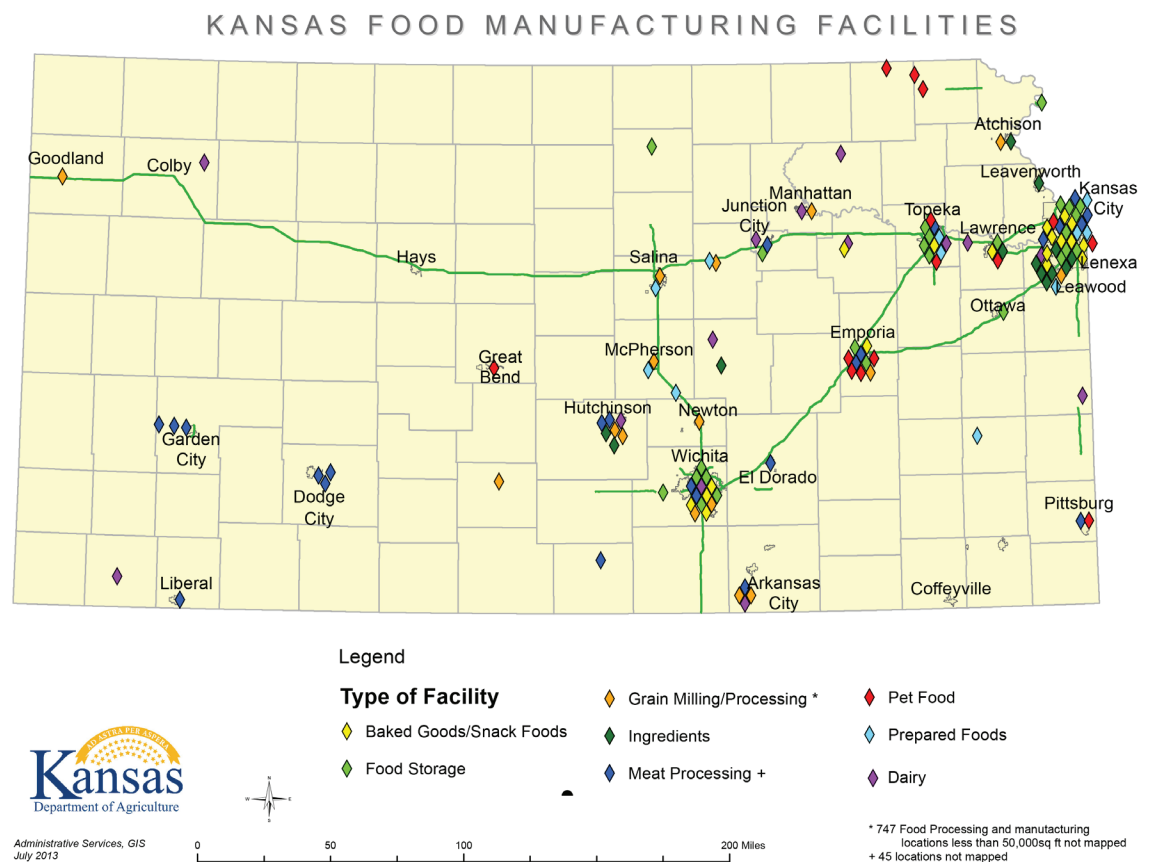
KANSAS

VALUE-ADDED AGRICULTURE
AND FOOD PROCESSING

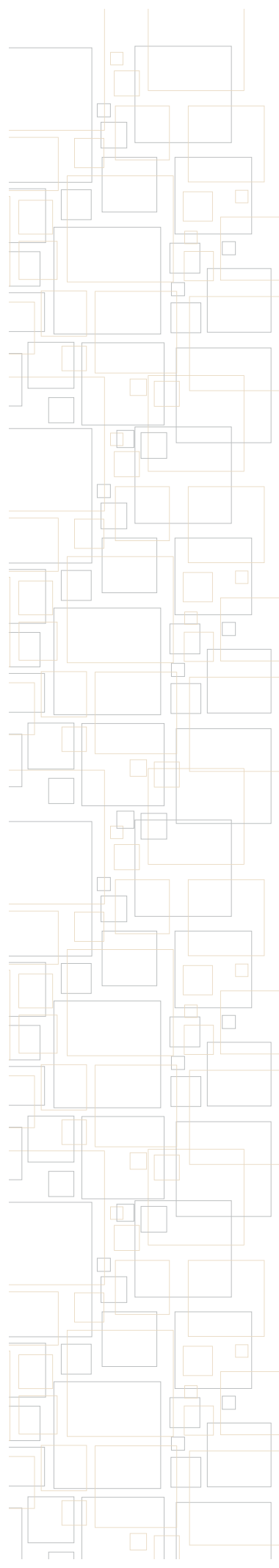


Since statehood, Kansas has been well-known for a robust agriculture and food industry. Kansas is known as the breadbasket of the United States ... a title earned due to Kansas' consistent ranking as the number one producer of wheat in the United States. In addition, Kansas is known for being the number one producer of grain sorghum and as the home to the one-of-a-kind grain science program at Kansas State University. Kansas also ranks in the top 10 for producing beef, sunflowers, flour, hay, corn and soybeans.

Currently, Kansas is enjoying substantial growth in pork production and dairy production. Being a top producer of valuable commodities and raw materials naturally allows for Kansas' leadership in value-added agricultural goods as well as a variety of finished foods and ingredients. Today, Kansas is home to literally hundreds of food companies, with such key names as Mars, Cargill, Frito Lay, Sara Lee, Reser's, Tyson, Hostess, National Beef and Schwan's. Our food companies range from small, family-owned companies to large, multi-national companies - all call Kansas home for good reason.



Access to raw materials – As a global leader in agriculture, food processors and value-added agriculture businesses have access to the raw materials and ingredients they need. While many macro-ingredients such as flour, meat and milk products can be sourced right here in Kansas, the state's location in the center of the U.S. and along major rail and highway systems allows for easy access to shipping channels – for both incoming and outbound shipments.



Access to education & research – Kansas is fortunate to have excellent, one-of-a-kind organizations that can provide continuing educational opportunities for companies' employees and organizations that can collaborate with the private sector on research and development.

Kansas State University International Grains Program

The Kansas State University International Grains Program (IGP) is designed to educate foreign business leaders and government officials about U.S. grains and oilseeds through technical training and assistance programs in grain storage and handling, milling, marketing and processing. IGP supports marketing activities by national farmer commodity organizations. Our partnership with the Foreign Agricultural Service of the U.S. Department of Agriculture forms the front line for the American farmers' international grain marketing efforts.

Kansas State University Value-Added Foods Lab

The Value-Added/Product Development Lab, includes facilities, equipment, and instruments for bench top food product development, packaging, and physical, chemical and microbiological analyses of foods. Part of the facility is specifically designated for accelerated shelf-life testing of food products, and is equipped with controlled atmosphere incubators. The Lab's staff offers food-related businesses, processors and entrepreneurs numerous services. These include the following:

- Assist in the production of new foods or consult on adding value to existing ones.
- Perform a variety of physical, chemical, microbiological and sensory evaluations.
- Conduct shelf-life tests to determine expiration date.
- Review product labels for compliance with state and federal guidelines.
- Prepare nutritional information panels from databases or chemical analysis.
- Offer Hazard Analysis Critical Control Points and food safety training.
- Act as a "Processing Authority," via Food and Drug Administration.
- Suggest suppliers for ingredients, packaging materials, and equipment.
- Answer questions concerning food processing rules and regulations.
- Offer publications on food processing issues, labeling and sanitation.

Kansas State University Food Science Institute

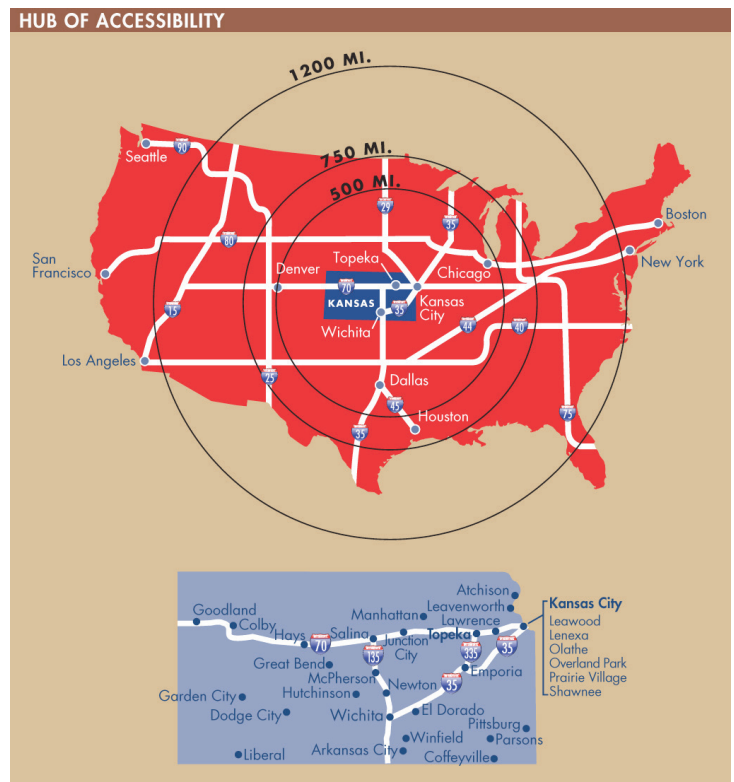
The Food Science Institute facilitates training of traditional and nontraditional undergraduate and graduate students; supports basic and applied research initiatives; and provides technical and scientific information to consumers, the food industry and governmental agencies.

Kansas State University Grain Science

The K-State Grain Science and Industry program offers college degrees in baking, feed or milling science and management. The program not only grants Bachelor of Science degrees in these areas, but also Master of Science and Doctor of Philosophy degrees, as well as degree minors. Students learn the fundamental sciences of their fields, while at the same time gaining hands-on experience in K-State's modern pilot plants and laboratories, which include a bakery, feed manufacturing facility, and industrial scale flour mills. Additionally, they learn business fundamentals, so they leave school well prepared to enter business or industry.

American Institute of Baking

The American Institute of Baking (AIB International) is committed to protecting the safety of the global food supply chain and delivering high value educational and technical programs. AIB provides Food Safety Inspections, Audits, and Certifications, Food Safety Education, and Research & Technical Services. Their renowned School of Baking offers the best educational experience in the baking industry to students from North America and around the world. The commitment of AIB International's staff to provide quality service for every client has secured leadership positions and a reputation for effectiveness and integrity.



TRANSPORTATION ADVANTAGES

Whether by highway, rail or air, Kansas offers excellent transportation and marketing advantages for your business. Because we're central and because we've focused on building and maintaining an outstanding infrastructure, it's easier and cheaper to ship to and from Kansas. We're home to numerous production facilities, warehouses and distribution centers that have found shipping raw materials and finished goods is more profitable when you're located in the nation's heartland.

Kansas' strategic location, at the convergence of I-35 and I-70, places it at the crossroads of America. Our central location and excellent transportation network with access to interstate rail, trucking and air corridors put businesses within next-day freight service of 70 percent of the United States.

Highways

Kansas ranks sixth for quality and access to transportation in all modes for getting products to market and for transporting individuals. We also rank third nationally in total road mileage with approximately 140,000 total road and street miles and over 10,000 highway miles. Thanks to our state's proximity to major markets, our transit times and shipping rates for common carriers can compete with any in the country. Kansas motor carrier regulations, covering truck and trailer size and weight, mirror many federal guidelines.



Rail Service

Kansas ranks in the top 10 in the United States in railroad mileage with almost 4,800 miles of track, 2.23 percent of all U.S. railroad miles. Our four Class I and 13 Class III secondary rail carriers ensure freight service to virtually anywhere in Kansas, since the countless tons of grain grown here have for decades mandated a comprehensive rail system.

Over 900 incorporated and unincorporated cities stand along Kansas' tracks. Many communities are served by more than one railroad, and businesses in several cities can take advantage of reciprocal switching agreements between railroads. The Kansas City area, a convenient first stop en route to all major marketing regions, ranks as the second leading rail center in the nation.

Air Service

Kansas City International Airport (KCI) and the Wichita Mid-Continent Airport are the largest airports serving the state, providing businesses with immediate access to major markets nationwide. KCI serves as the primary commercial airport for a four-state area for both passenger and air cargo service. These two airports contain state-of-the-art cargo handling facilities, main-deck loaders capable of handling the world's largest freighter aircraft and an extensive highway system just minutes away to provide businesses with quick access to goods and markets.

Inland Waterways

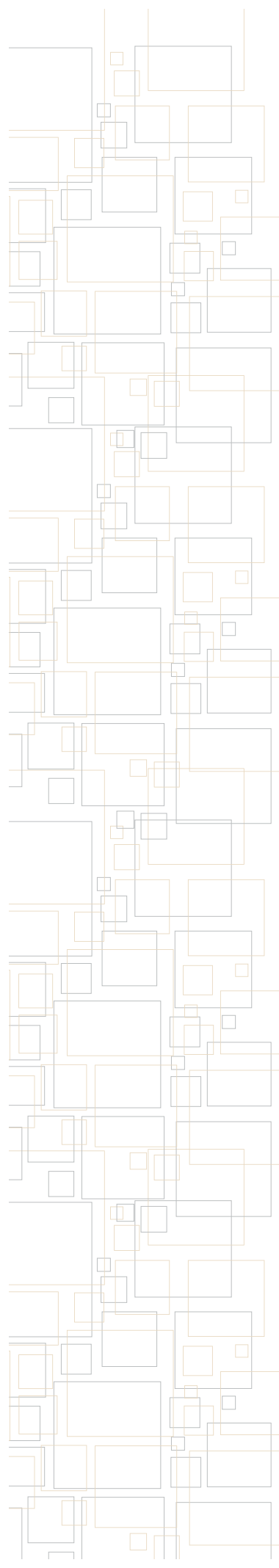
The Port of Catoosa, an inland seaport located near Tulsa, Okla., is approximately 50 miles from the Kansas border. It is a year-round, economical alternative to other means of travel and is especially advantageous to businesses manufacturing large goods.

FOREIGN TRADE ZONES

Foreign trade zones (FTZs) in Kansas provide a duty-free and quota-free entry point for foreign goods into specific areas under customs supervision for an unlimited period of time. Kansas offers a variety of sites managed by grantees in Kansas City (Zone 17) and Wichita (Zone 161).

Kansas has taken advantage of the new Alternative Site Framework (ASF) foreign trade zone designation intended to provide greater flexibility and expedite access to the benefits of the Foreign Trade Zone program. As a result, a company in the designated region is not restricted to a site specific FTZ, as the entire county is eligible for FTZ benefits under the ASF designation. This streamlined approach offers a quicker turnaround time and lower cost, allowing grantees to locate zone designation where companies are located.

The Kansas City FTZ has a number of Magnet and Usage-Driven sites, including a five-acre site with 220,000 square feet of above-ground covered space; a second five-acre site with a 26,000 square-foot warehouse, a 50,000 square-foot warehouse, 21 acres in the Leavenworth Area Business Center and over 1,000 acres at two locations in Topeka: Forbes Field/Topeka Air Industrial Park and Phillip Billard Airport/Industrial Park. The new ASF procedures were adopted for a five-county area including Douglas, Johnson, Leavenworth,



Miami, and Wyandotte that allow for a six-week approval process for certain types of designations with a significant reduction in the company's out of pocket expenses.

The Wichita FTZ has received approval to use the new ASF procedures for a central region that includes Butler, Harvey, McPherson, Reno, Saline, Sedgwick and Sumner counties. The new system makes it faster and less expensive for area businesses to establish their facilities as foreign trade zones, with an estimated turnaround time of 30 to 40 days. Existing Magnet sites include 120 acres and 800,000 square feet of covered warehouse and assembly space in Wichita.

Goods brought into a zone or sub-zone may be stored, manipulated or mixed with domestic or foreign materials used in manufacturing processes or exhibited for sale. Anything shipped out of a zone into the United States customs territory is then subject to duties. Goods reshipped to foreign nations are never subject to U.S. customs duties.

SKILLED AND EDUCATED LABOR

One of the positive factors in the expansion of the Kansas economy is the Kansas worker. A highly motivated and well-educated workforce is ready to assist your firm. Though many of the state's 2.9 million citizens are concentrated in its metropolitan areas, firms locating in any region of the state will find a high-quality workforce ready to put its talents to work.

Kansas' education system is one of the best in the nation and a powerful factor contributing to the success of many businesses. Our education system has resulted in an adept, well-skilled and highly trainable labor force. The high school graduation rate and percentage of the population with a bachelor's degree are both well above the national average. Kansas ranks in the top third nationally for percent of adults with a college degree and average ACT score. Kansas' higher education system includes six Board of Regent's universities, 26 community and technical colleges statewide and one municipal college.

Kansas is also a right-to-work state, which has helped keep labor costs below the national average. The current union membership percentage in Kansas is 6.8 percent, well below the U.S. average. In addition, we have multiple workforce training programs and initiatives for companies new to Kansas or Kansas businesses needing to expand or restructure. Our training programs can offer direct financial assistance to train your workforce, and our workforce development professionals can assist in the recruitment of labor to staff your new business.

COMPETITIVE UTILITY RATES

Kansas possesses a built-in advantage over other states when it comes to meeting your energy needs. With one of the largest natural gas fields in the world, Kansas is among the nation's leading producers of natural gas. Also, our statewide power costs are competitive with the national average.



POSITIVE BUSINESS CLIMATE

In an ongoing effort to improve the state's business climate, Kansas lawmakers continue to find ways to reduce the cost of living and doing business in this state. Living costs are relatively low in Kansas at 8.4 percent below the national average, making our state one of the most affordable in the nation. Kansas housing is affordable, too, with the median value of owner-occupied housing more than 26.1 percent below the national average. In addition, Kansas ranks 14th overall for business competitiveness based on ten key economic factors, including workforce, education and transportation.

KANSAS HAS A VARIETY OF INCENTIVE PROGRAMS FOR QUALIFIED COMPANIES INVOLVED IN VALUE-ADDED AGRICULTURE AND FOOD PROCESSING.

New! Business income tax exemption for LLCs, LLPs, Sub-Chapter S Corporations, Partnerships and Sole Proprietorships

Qualified new companies to Kansas can retain their payroll withholding tax for five to 10 years, depending on the number and wages of jobs brought to Kansas

Financial assistance to train a new workforce or retrain an existing workforce

Financial assistance for construction, remodel, furnishings and equipment

10 percent corporate income tax credit for new capital investment

100 percent personal property tax exemption on commercial machinery and equipment new to Kansas

100 percent sales tax exemption on purchases to construct, remodel, furnish and equip a facility

No inventory or franchise tax by state law

100 percent sales tax exemption on items that become part of a manufactured product or items consumed in production

Property tax abatement on real property for up to 10 years subject to community approval